

**Minutes of Lab123, Inc. Board Meeting  
September 29, 2006**

A meeting of the Board of Directors of Lab123, Inc. (the "Company" or "Lab123") was held by conference telephone on Friday, September 29, 2006 commencing at 10:00 A.M. CDT. The following Board Members were present, constituting a quorum.

Henry Warner  
Michael Sosnowik

Jay Weil, Esq., Kent Connally, Curt Katz, Jeremy Warner and Frederick Fitzsimmons were present by invitation. Henry Warner acted as Chairman of the meeting and Jay Weil as Secretary.

The first order of business was an introduction by the Chairman of each of the directors and director nominees attending the meeting and a brief presentation by each such person of his business experience.

The Chairman then discussed the formal corporate actions of Lab123 taken since inception of the Company and circulated to each director and nominee copies of two unanimous written consents of directors setting forth such actions.

The Chairman then stated that the next order of business was the election of three additional directors of the Company to fill vacancies on the Board.

Upon motion duly made by the Chairman, seconded by Michael Sosnowik and unanimously carried, it was

RESOLVED, that each of Kent Connally, Frederick Fitzsimmons and Curt Katz be and they hereby are elected as directors of the Company to serve until the next annual meeting of stockholders of the Company or their earlier death, incapacity, resignation.

The next order of business was the establishment of audit and compensation committees of the Board to be comprised of three independent directors. The Chairman stated that the establishment of such committees was required under the Company's stock purchase agreement with Barron Partners, L.P. and was also necessary and desirable in light of the Company intention to become a reporting company under the federal securities laws. Upon motion made by Michael Sosnowik, seconded by Henry Warner and unanimously carried, it was

RESOLVED, that the Board of Directors does hereby establish an Audit Committee of the Board of Directors and a Compensation Committee of the Board of Directors, each such committee to initially be comprised of three members of the Board of Directors.

The Chairman stated that the next order of business was to elect three directors to be members of each of the foregoing committees. On motion made by the Chairman, seconded by

Michael Sosnowik and unanimously carried, it was

RESOLVED, that each of Kent Connally, Frederick Fitzsimmons and Curt Katz be and they hereby are elected as members of each of the Audit Committee and the Compensation Committee of the Company to serve until the next annual meeting of stockholders of the Company or their earlier death, incapacity, resignation.

The Chairman then stated that the next order of business was to consider the approval of charters for each of the Audit Committee and Compensation Committee. The Chairman noted that drafts of such charter had been circulated to and reviewed by each of the five directors of the Company prior to the meeting. The Chairman asked if any director had any questions with respect to such drafts and none of the directors had any questions. Therefore, on motion made by Curt Katz, seconded by Frederick Fitzsimmons and unanimously carried, it was

RESOLVED, that Audit Committee Charter, a copy of which is attached hereto as Exhibit A, be and the same is hereby ratified and approved in all respects; and be it further

RESOLVED, that Compensation Committee Charter, a copy of which is attached hereto as Exhibit B, be and the same is hereby ratified and approved in all respects.

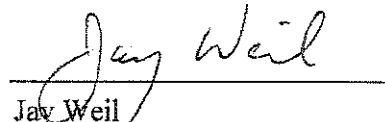
The Chairman then stated that the next order of business was to consider the approval of a Code of Ethics for the Company. The Chairman noted that a draft of such Code of Ethics had been circulated to and reviewed by each of the five directors of the Company prior to the meeting. The Chairman asked if any director had any questions with respect to such draft and none of the directors had any questions. Therefore, on motion made by Frederick Fitzsimmons, seconded by Curt Katz and unanimously carried, it was

RESOLVED, that Code of Ethics, a copy of which is attached hereto as Exhibit C, be and the same is hereby ratified and approved in all respects.

The Chairman then asked Michael Sosnowik, the Chief Executive Officer and sole employee of the Company, who was hired on August 30, 2006, to report on his initial activities in furtherance of the Company's business plan. Mr. Sosnowik gave his report and responded to questions on the Company's plans.

The Chairman then stated that he would like to schedule future quarterly Board meeting to be held on the second Thursday of each calendar quarter. The Chairman stated that this was designed to avoid scheduling meetings on a holiday and also was designed to enable quarterly financial statements to be prepared and circulated prior to the meeting. In accordance with such policy, the Chairman scheduled the next Board meeting for January 11, 2007 and suggested that the meeting be held at the offices of counsel to the Company in New York, New York.

There being no further business, Curt Katz then made a motion to adjourn the meeting, Frederick Fitzsimmons seconded the motion, and the motion was unanimously approved. The meeting was adjourned at 11:45 A.M. CDT.

  
Jay Weil  
Secretary of the Meeting

**Exhibit A**

**LAB123, INC.**

**Audit Committee Charter**

**PURPOSE**

To assist the Board of Directors of Lab123, Inc. (the "Company") in fulfilling its oversight responsibilities for (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditors' qualifications and independence, and (4) the performance of the Company's internal audit function and independent auditors. The audit committee shall also prepare the report that Securities and Exchange Commission ("SEC") rules require be included in the Company's proxy statement for its annual meeting of stockholders.

**AUTHORITY**

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of the public accounting firm retained by the Company to conduct the audit of the Company's annual financial statements (the "external auditor"). This firm will report directly to the audit committee.
- Resolve any disagreements between management and the external auditor regarding financial reporting.
- Pre-approve all auditing and permitted non-audit services performed by the external auditor and the terms and conditions for such services, including the fees therefor.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it requires from employees--all of whom are directed to cooperate with the committee's requests--or external parties.
- Meet with Company officers, external auditors, other advisors, including accounting firms, or outside counsel, as necessary.
- The committee may delegate authority to subcommittees, including the authority to preapprove all auditing and permitted non-audit services, providing that such decisions

## **COMPOSITION**

The audit committee will consist of at least three members of the Board of Directors. The Board nominating committee will appoint committee members and the committee chair.

Each committee member shall be a director who satisfies the independence requirements of the principal market or exchange on which the Company's common stock is traded, or, if the common stock is not traded on a market or exchange which requires a standard of independence, the independence standard required by the Nasdaq Stock Market.

At least one member shall be designated as the "financial expert," as defined by applicable legislation and regulation.

No committee member shall simultaneously serve on the audit committees of more than two other public companies.

## **MEETINGS**

The committee will meet on at least a quarterly basis, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The committee shall invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It shall meet separately, periodically, with management, with internal auditors and with the external auditors. It shall also meet periodically in executive session. Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of all meetings shall be prepared.

## **RESPONSIBILITIES**

The committee will carry out the following responsibilities:

### **Financial Statements and SEC Reports**

- Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:
  - Complex or unusual transactions and highly judgmental areas
  - Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles
  - The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company

- Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- Discuss the annual audited financial statements and quarterly financial statements with management and the external auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and matters required to be reviewed under applicable legal and regulatory requirements.
- Prior to the filing of the Company's Form 10-KSB:

Review and discuss the Company's annual consolidated financial statements and related footnotes.

Review and discuss the external auditor's audit of the consolidated financial statements and its report.

Review and discuss any significant changes required in the external auditor's examination plan.

Discuss with management, the internal auditing staff and the independent auditor any problems, difficulties or disputes encountered during the course of the audit, including any restrictions on the scope of the external auditor's activities or on access to requested information, any accounting adjustments that were noted or proposed by the external auditor but that were not adopted, any communications between the external auditor's team assigned to the Company's audit and the auditor's national office, and any "management" or "internal control" letter issued, or proposed to be issued, by the external auditor to the Company.

Review and discuss other matters related to the conduct of the audit which are to be communicated to the committee under general accepted auditing standards, including discussions relating to the external auditor's judgments about such matters as the quality, not just the acceptability, of the Company's accounting practices and other items set forth in Statement of Auditing Standards Statement No. 61 ("SAS 61") (Communication with Audit Committees) or other such auditing standards that may in time modify, supplement or replace SAS 61.

Recommend to the Board of Directors, based on the review and discussions referred to above, that the Company's consolidated financial statements be included in the Form 10-KSB for the last fiscal year for filing with the SEC.



- Review disclosures made by CEO and CFO during the Forms 10-KSB and 10-QSB certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Company's internal controls.
- Discuss earnings press releases (particularly use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies. This review may be general (i.e., the types of information to be disclosed and the type of presentations to be made). The audit committee does not need to discuss each release in advance.

#### **Internal Control**

- Consider the effectiveness of the Company's internal control system, including information technology security and control.
- Understand the scope of the internal and external auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

#### **Internal Audit**

- Review with management and the Company's chief audit executive the charter, plans, activities, staffing, and organizational structure of the internal audit function.
- Ensure there are no unjustified restrictions or limitations upon the authority and scope of duties of the Company's chief audit executive, and review and concur in the appointment, replacement, or dismissal of, the Company's chief audit executive.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.
- On a regular basis, meet separately with the Company's chief audit executive to discuss any matters that the committee or internal audit believes should be discussed privately.

#### **External Audit**

- Review the external auditor's proposed audit scope and approach, including coordination of audit effort with the Company's internal audit staff.
- Review the performance of the external auditor, and exercise final approval on the appointment or discharge of the external auditor. In performing this review, the committee will:

- At least annually, obtain and review a report by the external auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the external auditor's independence) all relationships between the external auditor and the Company and review with the external auditor any other written disclosures required under Independence Standards Board Standard No. 1 regarding any relationships between the external auditor and the Company or any other relationships that reasonably may be thought to bear on the external auditor's independence and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor.
- Take into account the opinions of management and internal audit staff.
- Review and evaluate the lead partner of the external auditor.
- Present its conclusions with respect to the external auditor to the Board.
- Ensure the rotation of the lead audit partner of the external auditor every five years and other audit partners every seven years, and consider whether there should be regular rotation of the external auditor firm itself.
- Present its conclusions with respect to the external auditor to the full Board.
- Set clear hiring policies for employees or former employees of the external auditor
- On a regular basis, meet separately with the external auditor to discuss any matters that the committee or external auditor believe should be discussed privately.

#### **Compliance**

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Receive and address (i) complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review the findings of any examinations by regulatory agencies, and any internal or external auditor observations.



- Review the process for communicating the code of conduct to Company personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and Company legal counsel regarding compliance matters.

#### **Reporting Responsibilities**

- Regularly report to the Board of Directors about committee activities and issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's external auditor, and the performance of the internal audit function.
- Provide an open avenue of communication between internal audit staff, the external auditor, and the Board of Directors.
- Report annually to the stockholders, describing the committee's composition, responsibilities and how they were discharged, and any other information required by applicable statutes and rules, including approval of non-audit services.
- Review any other reports the Company issues that relate to committee responsibilities.

#### **Other Responsibilities**

- Discuss with management the Company's major policies with respect to risk assessment and risk management.
- Review and approve all "related party transactions" as defined in applicable SEC rules.
- Perform other activities related to this charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by statutes, rules or regulations.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance at least annually.

**Exhibit B**

**Lab123, Inc.**

**Compensation Committee Charter**

**Purpose**

The purposes of the Compensation Committee (the "Committee") of the board of directors (the "Board") of Lab123, Inc. (the "Company") are:

- to discharge the Board's responsibilities relating to compensation of the Company's directors and executive officers, including approving individual executive officer compensation;
- to review and recommend compensation plans, policies and benefit programs for employees generally; and
- to prepare the report on executive compensation for inclusion, if required, in the Company's annual proxy statement.

**Composition and Term of Office**

- The Committee will consist of not fewer than two members, each of whom shall be a director who satisfies the independence requirements of the principal market or exchange on which the Company's common stock is traded, or, if the common stock is not traded on a market or exchange which requires a standard of independence, the independence standard required by the Nasdaq Stock Market.
- One member shall serve as Chairman of the Committee. The members of the Committee shall serve one-year terms, and shall be appointed, and the Chairman shall be determined, by the Board annually.
- Members of the Committee may be removed or replaced by the Board. Any member who, subsequent to his or her appointment, ceases to be an independent director, shall resign from the Committee, and if such member fails to resign, the Board shall replace such member.

**Committee Meetings - Operating Principles**

- The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but in any case, at least once each year.
- Meetings of the Committee may be called as needed by the Chairman of the Committee. The Company's chief executive officer or other senior executive officer may request that the Committee meet for a specific purpose.

- The Committee may meet by telephone or videoconference and may take action by written consent.
- The Committee may engage compensation consultants to assist in the evaluation of director, CEO or executive officer compensation, and, in connection therewith, shall have the authority to determine the terms on which such firm is engaged.
- The Committee shall have the authority to obtain advice and assistance from any officer or employee of the Company or from any outside legal expert or other advisor.
- The Committee may request that members of management or outside consultants and advisors of the Committee, be present to assist the Committee in performing its duties.

#### **Compensation/Employee Benefits Responsibilities**

The Committee shall perform the following functions:

- Provide oversight and guidance for compensation and benefit philosophy for all employees of the Company.
- Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives and have the sole authority to determine the CEO's compensation level based on this evaluation. This includes salary, annual incentive and long-term incentive programs, whether stock, stock options or other equity-based incentive or cash, and determinations relating to the deductibility of compensation under Section 162(m) of the Internal Revenue Code of 1986.
- Review and approve other significant terms of employment for the CEO.
- Review and approve the compensation, including base salary and incentive awards and other significant terms of employment, for individuals reporting directly to the CEO and holding a position classified as Vice President or higher and any other officer of the Company who is subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended, such officers, together with the CEO being referred to as "Senior Management."
- Review and make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
- Review the performance of Senior Management.
- Review and make recommendations to the Board on matters concerning the directors' annual retainer, as well as any other compensation programs relating to the Board.
- Prepare the report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.

#### **Other Responsibilities**

- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

- Conduct an annual performance evaluation of the Committee.
- Take such further actions or provide such further advice as the full Board may from time to time delegate to the Committee.

Exhibit C

LAB123, INC.  
CODE OF ETHICS

September 2006

### **Our Standards**

As an employee or director of Lab123, Inc. ("Lab123" or the "Company") you share the privilege and responsibility of upholding our Company's ethical reputation. You do this each time you act honestly, ethically and legally. While many, if not most, of the situations you encounter in the conduct of your own or the Company's business or other dealings present clear choices as to proper conduct, there are also many situations where making the right choice can be challenging.

We have prepared this Code of Ethics (the "Code") to summarize certain key policies and procedures that we believe govern doing business in an ethical and legal manner. This Code does not describe all of the details or all of the applicable laws, regulations or Company policies. Rather, we have attempted to discuss those you are most likely to encounter. You are expected to understand how our policies apply to you and to follow them. We encourage you to discuss any questions or concerns you may have with your supervisor or to request advice from our Chief Operating Officer.

### **Responsibilities of All Employees and Directors**

All employees and directors of the Company are responsible for complying with this Code. Any employee or director having information concerning any prohibited or unlawful act shall promptly report such matter to the Chief Operating Officer. (At such time, if any, that we have a General Counsel, all references herein to the Chief Operating Officer shall mean the General Counsel.) While this is the preferred reporting procedure, employees should also feel free to report to anyone in management, including the Board of Directors, the Chief Financial Officer or a Vice President. It could also be appropriate to contact the Audit Committee of the Board of Directors through its Chairman.

Employees and directors should be advised of this reporting obligation and encouraged to report any prohibited or unlawful activities of which they are aware. There will be no reprisals for reporting such information in good faith, even if it later turns out that all or some the report is incorrect.

### **Conflicts of Interest**

Every director and employee has a duty to avoid business, financial or other direct or indirect interests or relationships which conflict with the interests of the Company or which divide his or her loyalty to the Company. Any activity which even appears to present such a conflict must be avoided or terminated unless, after disclosure to the Chief Operating Officer, it is determined and communicated in writing to the employee or director that the activity is not harmful to the Company or otherwise improper.



A conflict or the appearance of a conflict of interest may arise in many ways. For example, depending on the circumstances, the following may constitute an improper conflict of interest:

- Ownership of or an interest in a competitor or in a business with which the Company has or is contemplating a relationship (such as a supplier, customer, landlord, distributor, licensee/ licensor, etc.) either directly or indirectly, such as through family members.
- Profiting, or assisting others to profit, from confidential information or business opportunities that are available because of employment by the Company or being a director of the Company.
- Providing service to a competitor or a proposed or present supplier or customer as an employee, director, officer, partner, agent or consultant.
- Soliciting or accepting gifts, payments, loans, services or any form of compensation from suppliers, customers, competitors or others seeking to do business with the Company. Social amenities customarily associated with legitimate business relationships are permissible. These include the usual forms of entertainment such as lunches or dinners as well as occasional gifts of modest value. While it is difficult to define "& customary," "modest," or "usual" by stating a specific dollar amount, common sense should dictate what would be considered extravagant or excessive. If a disinterested third party would be likely to infer that it affected your judgment, then it is too much. All of our business dealings must be on arm's-length terms and free of any favorable treatment resulting from the personal interest of our employees. Loans to employees from financial institutions which do business with the Company are permissible as long as the loans are made on prevailing terms and conditions.
- Influencing or attempting to influence any business transaction between the Company and another entity in which an employee or director has a direct or indirect financial interest or acts as a director, officer, employee, partner, agent or consultant.
- Buying or selling securities of any other company using non-public information obtained in the performance of an employee's duties, or providing such information so obtained to others.

Disclosure is the key. Any employee or director who has a question about whether any situation in which he or she is involved amounts to a conflict of interest or the appearance of one should disclose the pertinent details, preferably in writing, to the Company's Chief Operating Officer and should not act until advised in writing that the action is not harmful to the Company or otherwise improper.

To summarize, each employee and director is obligated to disclose his or her own conflict or any appearance of a conflict of interest. The end result of the process of disclosure, discussion and consultation may well be approval of certain relationships or transactions on the grounds that, despite appearances, they are not harmful to the Company. But all relationships or transactions that are actual conflicts of interest or may appear to be conflicts of interest are prohibited, even if they do not harm the Company, unless they have gone through this approval process.

### **Compliance with Laws and Regulations**

Our business is subject to extensive governmental regulation. The approval and sale of medical devices is particularly heavily regulated, but many other aspects of our business are also covered by statutes and regulations.

It is company policy to comply with the laws of each state and country in which we do business. It is the responsibility of our Company's directors, management and employees to be familiar with the laws and regulations that relate to our business responsibilities and to comply with them.

The Chief Operating Officer is always available for consultation on the laws which relate to our businesses. However, it is the responsibility of management to ensure compliance with applicable laws.

If an employee or director has any question whether a transaction or course of conduct complies with applicable statutes or regulations, it is the responsibility of that employee or director to obtain legal advice from the Chief Operating Officer and act in accordance with that advice. It is the responsibility of management to ensure that employees are aware of their responsibilities in this regard.

Set forth below are several areas of regulated business activity that require particular attention.

### **Environmental Laws and Regulations**

The Company is committed to conducting its business in an environmentally sound manner. Management and employees are required to be familiar with environmental laws and regulations which relate to their employment responsibilities and to comply with them.

### **Drug, Medical Device, Diagnostic, Controlled Substance and Consumer Product Safety Laws**

Because of the complex nature of many regulations, management must take particular care to ensure appropriate employees are aware of regulatory requirements and take necessary steps to comply with them.

### **Workplace Safety Laws and Regulations**

In the interest of maintaining a safe and healthy workplace, the Company requires full compliance with applicable workplace safety and industrial hygiene standards mandated by law.

### **Compliance with Securities Laws**

The Company is often required by the securities laws of the United States to disclose to the public important information regarding the Company.

An employee or director who knows important information about the Company that has not been disclosed to the public must keep such information confidential. It is a violation of United States law to purchase or sell Interpharm stock on the basis of such important non-public information. Employees and directors may not do so and may not provide such information to others for that or any other purpose.

Directors and employees may not buy or sell securities of any other company using important non-public information obtained in the performance of their duties. Directors and employees may not provide such information so obtained to others.

You should understand that securities laws are taken very seriously and government agencies have developed extensive ways to monitor securities trading activities. Violations of securities laws can result in large civil and criminal penalties against companies and individuals.

### **Political Activities and Contributions**

The Company encourages directors and employees to be involved personally in political affairs. However, no director or employee shall directly or indirectly use or contribute funds or assets of the Company for or to any political party, candidate or campaign unless such a use or contribution is lawful and is approved in writing by the Chief Operating Officer.

### **Respect for Trade Secrets**

It is the policy of Lab123 to respect the trade secrets and proprietary information of others. Although information obtained from the public domain is a legitimate source of competitive information, a trade secret obtained through improper means is not. The unauthorized use of trade secrets or other proprietary information could subject both the Company and you to substantial civil liability.

If a competitor's trade secrets or proprietary information are offered to you in a suspicious manner, or if you have any question about the legitimacy of the use or acquisition of competitive information, you should contact the Chief Operating Officer

immediately. No action regarding such information should be taken before consultation with the Chief Operating Officer.

### **Confidentiality of Personal Information**

Confidentiality applies not only to business information, but to the personal information of the Company's employees, former employees, job applicants and other persons. The Company requires that personal information be collected, processed, stored and transferred with adequate precautions to ensure confidentiality and be accessible only to those individuals with legitimate reasons to know about or have access to the information. When appropriate, the Company will ask individuals for their consent to the collection, processing, storage and transfer of personal information and employees will be given the opportunity to review their personal data held by the Company and correct any errors found.

### **Use of Funds and Assets and Complete and Accurate Books and Records; Second-Country Payments**

Sales of the Company's products and services, and purchases of products and services of suppliers, shall be made solely on the basis of quality, price and service, and never on the basis of giving or receiving payments, gifts, entertainment or favors.

No Company funds or assets shall be used for any unlawful purpose. No director or employee shall purchase privileges or special benefits through payment of bribes, illegal political contributions, or other illicit payments.

No undisclosed or unrecorded fund or asset shall be established for any purpose.

No false or artificial entries shall be made in the books and records of the Company for any reason, and no employee shall engage in any arrangement that results in such prohibited act, even if directed to do so by a supervisor.

No payment shall be approved or made with the agreement or understanding that any part of such payment is to be used for any purpose other than that described by documents supporting the payment.

No payments of any kind (whether commissions, promotional expenses, personal expenses, free goods or whatever) shall be made to an unaffiliated distributor or sales agent (or employee or agent thereof) in any country other than that in which the sales were made or in which the distributor or sales agent has a substantial place of business. Such payments (sometimes referred to as "second-country" payments) may be made to other entities such as suppliers of goods and services provided under certain circumstances about which counsel should be consulted.

### **Equal Opportunity**

The Company's policy is to provide equal employment opportunities and to treat all employees and applicants without regard to personal characteristics such as race, color, religion, sexual orientation, gender, age, national origin, marital status, pregnancy, disability or veteran status. Managers are responsible for implementing this policy.

#### **Discrimination or Harassment**

The Company strives to maintain a work environment free of verbal or physical harassment regarding racial, ethnic, religious, physical or sexual characteristics or any other prohibited factor. This policy applies to conduct that is made a condition of employment, is used as a basis for making employment or promotion decisions, creates an intimidating, hostile or offensive working environment or otherwise unreasonably interferes with an individual's work performance.

The Company may be held responsible for the harassment of or discrimination against employees by managers or other employees or even non-employees if the Company knows or should have known about the behavior and fails to take corrective action. Employees should be aware that they are subject to dismissal if they engage in harassment or discrimination of others.

#### **Abuse of Drugs and Alcohol**

Substance abuse presents serious health and safety hazards in the workplace. Our policy is to eliminate substance abuse by our employees. Applicants are subject to pre-employment drug testing. The Company also reserves the right to test employees who display unusual behavior or where there is reasonable suspicion of drug or alcohol abuse. Where permitted, employees may also be tested on a random, universal basis.